

# **U.S. Banking Industry Privacy Principles**

## **Recognition of a Customer's Expectation of Privacy**

Financial institutions should recognize and respect the privacy expectations of their customers and explain principles of financial privacy to their customers in an appropriate fashion. This could be accomplished, for example, by making available privacy guidelines and/or providing a series of questions and answers about financial privacy to those customers.

## **Use, Collection and Retention of Customer Information**

Financial institutions should collect, retain and use information about individual customers only where the institution reasonably believes it would be useful (and allowed by law) to administering that organization's business and to provide products, services and other opportunities to its customers.

## **Maintenance of Accurate Information**

Financial institutions should establish procedures so that a customer's financial information is accurate, current and complete in accordance with reasonable commercial standards. Financial institutions should also respond to requests to correct inaccurate information in a timely manner.

## **Limiting Employee Access to Information**

Financial institutions should limit employee access to personally identifiable information to those with a business reason for knowing such information. Financial institutions should educate their employees so that they will understand the importance of confidentiality and customer privacy. Financial institutions should also take appropriate disciplinary measures to enforce employee privacy responsibilities.

## **Protection of Information via Established Security Procedures**

Financial institutions should maintain appropriate security standards and procedures regarding unauthorized access to customer information.

## **Restrictions on the Disclosure of Account Information**

Financial institutions should not reveal specific information about customer accounts or other personally identifiable data to unaffiliated third parties for their independent use, except for the exchange of information with reputable information reporting agencies to maximize the accuracy and security of such information or in the performance of bona fide corporate due diligence, unless 1) the information is provided to help complete a customer initiated transaction; 2) the customer requests it; 3) the disclosure is required by/or allowed by law (e.g., subpoena, investigation of fraudulent activity, etc.); or 4) the customer has been informed about the possibility of disclosure for marketing or similar purposes through a prior communication and is given the opportunity to decline (i.e., "opt out").

## **Maintaining Customer Privacy in Business Relationships with Third Parties**

If personally identifiable customer information is provided to a third party, the financial institutions should insist that the third party adhere to similar privacy principles that provide for keeping such information confidential.

**Disclosure of Privacy Principles to Customers**

Financial institutions should devise methods of providing a customer with an understanding of their privacy policies. Customers that are concerned about financial privacy will want to know about an institution's treatment of this important issue. Each financial institution should create a method for making available its privacy policies.

## CONSUMER PRIVACY POLICY

### PURPOSE

This policy reaffirms our bank's realization of and respect for the privacy expectations and rights of our customers regarding financial information and other related information which the bank has or gathers in the normal course of business. It is intended to provide guidance to bank personnel as well as assurance to our customers.

### DEFINITION AND SCOPE

The terms "employee" and "employees" as used in this policy statement include all directors, officers and employees of the bank as well as any attorneys, agents, or outside vendors, who become privy to customer information.

The terms "data", "information", or similar wording refer to any and all information regarding our customers provided to or obtained by the bank, regardless of the manner or medium in which such information is either obtained or is stored. It includes, but is not limited to, information regarding:

- ▶ The fact that an individual is a customer of the bank.
- ▶ Identification information including account numbers, social security numbers, driver's license numbers, similar identification numbers, or family names.
- ▶ Types of accounts, dollar amounts of such accounts, and the manner in which the customer has used or managed these accounts, currently or in the past.

### RESPONSIBILITY

The board directs the Chief Executive Officer and the Vice President/Secretary to implement this policy.

### PRIVACY PRINCIPLES

The bank recognizes the following eight elements of its privacy policy, which have become standard within the banking industry:

- 1) Recognition of Customer's Expectation of Privacy

- 2) Use, Collection and Retention of Customer Information
- 3) Maintenance of Accurate Information
- 4) Limiting Employee Access to Information
- 5) Protection of Information via Established Security Procedures
- 6) Restrictions on the Disclosure of Account Information
- 7) Maintaining Customer Privacy in Business Relationships with Third Parties
- 8) Disclosure of Privacy Principles to Customers

## **RECOGNITION OF CUSTOMER'S EXPECTATION OF PRIVACY**

Customers of the bank are entitled to the absolute assurance that the information concerning their financial circumstances and personal lives, which the bank has obtained through various means, will be treated with the highest degree of confidentiality and respect. Certain expectations of privacy also contain legal rights of customers which are either granted or confirmed to them through various federal and state laws and regulations. All employees are directed by this policy to assure customers of the bank's commitment to preserving the privacy of their information. The bank will post a notice in all banking offices which contains an abbreviated version of this policy and the name and telephone number of the person from whom the customer can receive additional information. That notice is included in the appendix to this policy and is designed to be both a posted notice and a direct disclosure to customers under circumstances described later in this policy.

## **USE, COLLECTION AND RETENTION OF CUSTOMER INFORMATION**

It is the policy and practice of the bank to collect, retain and use information about individuals, customers (both individual and corporate) only where the bank reasonably believes the gathering of such information would be useful and allowed by law to administer the bank's business and/or to provide products, services or opportunities to its customers.

## **MAINTENANCE OF ACCURATE INFORMATION**

The Chief Executive Officer and Vice President/Secretary are directed to establish procedures to ensure that, to the extent practicable, all customer financial information is accurate, current and complete in accordance with reasonable commercial standards. The bank will respond promptly and affirmatively to any legitimate customer request to correct inaccurate information, including forwarding of corrected information to any third party who had received the inaccurate information. The bank will further undertake to record that such corrective action was requested by the customer and follow up with any third party to ensure that they have processed the correction.

## **LIMITATION ON EMPLOYEE ACCESS**

The Chief Executive Officer and Vice President/Secretary will take all steps necessary to ensure that only employees with a legitimate business reason for knowing personally identifiable customer information shall have access to such information. To the extent practicable, access will be limited by computer access codes and granting limited access to areas in which sensitive customer information is retained. Employees will be informed at the time of their initial employment of these standards and periodically reminded of these standards during training sessions at least once during each calendar year. Willful violation of this element of this policy will result in disciplinary action against the offending individual. Inadvertent violations will be dealt with in a manner to ensure that such violations are not repeated.

## **PROTECTION OF INFORMATION**

The bank will maintain appropriate security standards and procedures to prevent unauthorized access to customer information. Such procedures should prevent access by not only unauthorized employees, but others as well. Such others include but are not limited to, all non-employees with otherwise legitimate reasons for being on bank premises, computer "hackers", and all intruders on bank premises.

## **RESTRICTIONS ON THE DISCLOSURE OF ACCOUNT INFORMATION**

The bank will not reveal specific information about customer accounts or other personally identifiable data to any unaffiliated third parties for their independent use, except for the exchange of information with reputable information reporting agencies to maximize the accuracy and security of such information, or in the performance of corporate due diligence, unless it meets with one or more of the following criteria:

- 1) The information is provided to help complete a customer initiated transaction.
- 2) The customer requests it.
- 3) The disclosure is required or allowed by law, such as by subpoena, other legal process, or for investigation of fraudulent activity. (The policy recognizes further that, while the bank wishes to cooperate fully with law enforcement agencies, such agencies operate under the law and are not entitled to preferential access to customer information in the absence of clear legal authority to have such access.)
- 4) The customer has been informed about the possibility of disclosure for marketing or similar purposes through a prior communication, and is given the opportunity to decline or "opt out."

## **BUSINESS RELATIONSHIPS WITH THIRD PARTIES**

If the bank is requested to provide personally identifiable information to a third party and that request is in all respects consistent with other elements of this policy, the bank will accede to the request only if the third party agrees to adhere to similar privacy principles, no less stringent than set forth in this policy, that provide for keeping such information confidential.

## **DISCLOSURE OF PRIVACY PRINCIPLES TO CUSTOMERS**

The bank will advise its customers of this privacy policy. The Chief Executive Officer and/or Vice President/Secretary are directed to develop, implement, and maintain a suitable information and disclosure process to that end. The disclosures may be in the form of, but not limited to:

- 1) Information provided at the time a customer opens a new account or obtains a new product or service.
- 2) Periodic disclosures, at least annually, mailed or otherwise distributed to customers (statement stuffers, customer newsletters, etc.).
- 3) Posting of Customer Privacy Policy, or an abbreviated form of the policy, at banking offices and the bank's Web site.

## **INFORMATION SHARED WITH CREDIT REPORTING AGENCIES AND ERROR RESOLUTION**

The bank, as with the majority of financial institutions, shares information about accounts of its customers with consumer reporting agencies. The bank will take all steps necessary to ensure the accuracy of such information, and will take prompt remedial action to correct any information which the bank has reported which is found to be incorrect. If a customer believes that we have reported incorrect information to such an agency, he or she is directed to write the bank at its main office address:

The customer is required to include his or her complete name, current address, telephone number, and social security number. The writing should also include the account number, type of account, and the specific item of information in dispute, along with the reason the customer believes the information to be in error.

The bank is required to conduct an immediate investigation of the matter referenced in the customer's assertion of erroneous reporting. The bank must respond to the customer's assertion in writing within 10 business days of the bank's receipt of any such assertion and such writing must include the bank's findings on the matter, including any corrective measures taken. If the bank,

through reasons beyond its control, is either unable to confirm or deny the customer's assertion or if it is unable to effect the required corrective action within the allotted 10 business days, the customer will be informed of the bank's actions taken to date and the probable time frame during which the matter will be resolved.

The customer also has the right to "opt out", under the Fair Credit Reporting Act, from having information shared about his or her account with any third party, including a consumer reporting agency unless the transaction is "initiated by the customer". The latter condition is considered to be met if the customer has opened a deposit or loan account with the bank, or has granted permission to third party, consistent with the provisions of the Fair Credit Reporting Act, to inquire from the bank concerning specific past or present account activity. The condition is not met if the bank has received information regarding a customer from any other source.

A customer may elect to "opt out" of any sharing of information by the bank with any third party in those situations which are "not initiated by the customer" by writing to the bank at the address shown above. The bank will be bound, by the customer's request alone, to take immediate action to ensure that the information is not shared.

#### EMPLOYEE EDUCATION AND TRAINING

The Chief Executive Officer and the Vice President/Secretary are directed to provide a copy of this policy to all bank employees and to obtain a receipt from each employee acknowledging that fact. After any amendments or modifications to this policy have been duly adopted, a copy of the amended policy will also be given to each employee, again acknowledged by receipt.

At least once during each calendar year, the bank will conduct a meeting of all employees during which matter effecting customers' rights to privacy will be discussed. Such meetings will include discussions on the following:

- The proper use of customer information.
- Procedures for maintaining security of information.
- The importance of confidentiality and customer privacy
- Any incidents, or patterns of behavior, which are covered under this policy.

#### RECORD-KEEPING AND REPORTING

The Chief Executive Officer and Vice President/Secretary will maintain a separate file for the purpose of retaining any customer complaints which relate to this policy. The information regarding

any complaint should include the exact nature of the complaint, describe the corrective actions taken, and confirmation that the corrective actions resolved the complaint.

The Chief Executive Officer will make an annual report to the board concerning customer complaints which shall include the frequency and nature of such complaints and corrective actions taken. Complaints of a nature sufficient to present a risk of regulatory enforcement action and/or civil money penalties are required to be reported if and when they occur.

#### REVIEW OF POLICY

The board of directors will make a review of this policy at least once each year and make any revisions and amendments it deems appropriate. The Chief Executive Officer will be responsible for suggesting more frequent revisions as situations or changes in laws or regulations dictate.



## **CUSTOMER INFORMATION PRIVACY STATEMENT**

The Bank recognizes that our customers both desire and have the right to privacy and confidentiality of the information they have entrusted to the bank. To that end, The Bank has adopted a "Customer Privacy Policy". The following eight Privacy Principles are included in that policy, which have been adopted as central guiding principles by several banking groups.

1. Recognition of Customer's Expectation of Privacy
2. Use, Collection and Retention of Customer Information
3. Maintenance of Accurate Information
4. Limiting Employee Access
5. Protection of Information via Established Security Procedures
6. Restrictions on the Disclosure of Account Information
7. Maintaining Customer Privacy in Business Relationships with Third Parties.
8. Disclosure of Privacy Principles to Customers

The above statement and list of principles offers only the issues addressed by the "Customer Privacy Policy". Customers, who have specific questions regarding the policy may contact The Bank, either in writing, or by telephone during regular business hours.

Approved March 9, 1999